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HARVARD

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INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 10 MONTHS OF 1983

Product	Oct. 1983	Jan-Oct. 1983	% Jan.-Oct. 1983 over Jan. - Oct. 1982
Electricity (bil.kw.hrs)	119.0	1152.0	104.0
Petroleum (inc. gas condensate) (mil. tons)	51.6	515.0	101.0
Natural gas (bil.cu.mtrs)	46.7	440.0	107.0
Coal (mil. tons)	58.9	597.0	100.0
Steel (mil. tons)	12.9	127.0	103.0
Fertilizer (mil. tons)	2.4	24.6	110.0
Metal-cutting tools (mil rubles)	176.0	1825.0	106.0
Robots (units)	0.7	8.6	195.0
Computer Tech. (bil. rubles)	0.3	2.7	112.0
Tractors (1000)	45.5	468.0	102.0
Paper (mil tons)	0.5	4.7	103.0
Cement (mil. tons)	10.8	106.0	104.0
Meat (mil. tons)	0.9	7.5	109.0
Margerine (1000 tons)	0.1	1.2	104.0
Watches (mils.)	5.5	57.7	100.3
Radios (mils.)	0.8	7.6	105.0
Television sets (mils.)	0.7	7.1	103.0
Automobiles (1000s)	0.1	1.1	101.0

PRODUCTION FIGURES FOR THE FIRST 10 MONTHS OF 1983

There seem to be a few statistical quirks in the figures for this month compared to last month. If these figures are more than quirks then the Soviets may have some problems ahead of them. The most unusual change is that petroleum production for October 1983 was 1.1 million tons lower than it had been in October 1982. That's a drop of approximately 3%. That may be a sign that the Soviets are having problems. However our readers may remember that in last month's Newsletter oil production rose by 4% in the month of September, 1983 compared to a comparable period in 1982. As a result overall production for the 10 months of 1983 is still higher than it was in the corresponding period last year. That means that production is up by 6 million tons. Unless production should drop again in November and December, the Russians will probably meet their production target for the year. Yet a drop of this magnitude does seem to indicate that something unusual may have happened in October in the oil fields.

In contrast to what seems to be a problem in oil production, coal production seems to have improved from what it had been in September Production in October 1983 was 1.7% higher than it had been in October 1982. For the whole 10 month period production is the same in both years.

Probably the most exciting news to the

Production Figures, continued...

Soviets is that steel production was up 5.7% in October 1983 over October 1982. For the whole ten month period production is up only 3% but the increase in production in October, unless it was a statistical quirk, should please Soviet planners.

Rates of change in industrial production in the months ahead should be watched closely. The next reporting period will mark the completion of a year since Andropov took over. As earlier Newsletters pointed out, production should begin to increase in December 1982. Any jump in production in the months ahead would represent an increase above those higher levels. Presumably that should be a harder level of production to attain. It will be interesting therefore to see whether Andropov can sustain those earlier rates of growth, particularly given the illness which presumably had an impact on his leadership beginning in the last half of 1983.

The Russian Research Center takes no official stand on any economic or political matter. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article in question or unless otherwise stated, with thos of the editor, Marshall I. Goldman.

THE RUSSIAN RESEARCH CENTER 1983

FEBRUARY CORPORATE SPONSOR SEMINAR ON AGROBUSINESS PROSPECTS IN USSR

Included in this Newsletter is the application form and program for our February 6th Agrobusiness conference. It will be held at the Harvard Faculty Club as usual.

ARDEN HOUSE CONFERENCE TO BE HELD MARCH 23-25, 1984

The Arden House program for this year is set for March 23-25. Additional info-

will be provided by the end of the year.

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE FOR THE SECOND HALF OF 1983

The Soviets continue to generate a trade surplus in dealing with Eastern Europe. The most notable change in 1983 compared to 1982 is the fact that the trade surplus with Poland dropped from 500 million rubles to 200 million rubles. Clearly the Russians have cut back sharply on their help to Poland and are forcing it to bear more of its own burdens.

As for the rest, the only other notable change is Czecholslovakia, which had been running a slight surplus in its trade with the Soviet Union now is running a slight deficit. All the other countries are running deficits except for Rumania, which also had a surplus last year.

(GRAPH ON PAGE 3)

BALANCE OF TRADE FIGURES FOR THE FIRST THREE-QUARTERS OF 1983

As indicated when we discussed the trade figures for the first half of the year, the Soviets seem to be taking a more relaxed attitude toward their foreign trade in 1983 than they did in 1982. They are increasing their imports from Western Europe and apparently not doing much to increase exports, at least in terms of total value. Thus, as a look at the accompanying table indicates, imports from Western Europe rose by a billion rubles. In contrast exports, at least in terms of ruble value, to Western Europe and Japan was just about the same as it had been in the same period. in 1982. That may largely be explained by the fact that the price of petroleum, the major export commodity, has fallen. Thus the Soviets could be increasing their exports of natural gas and petroleum but find that they are obtaining less per B.T.U. of energy exported.

At the same time it is also interesting to note that their grain imports seem to have fallen. While not all the goods imported from countries like the United States, Argentina, Brazil, Australia and New Zealand are agricultural in nature, the majority of them are. Thus the table indicates that exports from almost all the countries but Brazil and Canada were the same or lower than they had been the year before. The biggest drop is in imports from the United States. That is primarily grain, but it also includes other industrial products. In any case imports from those six countries fell by about 800 million rubles.

The biggest increase in non-food imports came from countries like Austria,

cont'...

West Germany, France and the Netherlands. Purchases from Japan evidently dropped by about 400 million rubles during the first three quarters.

CURRENCY FIGURES

Rubles Purchased per 100	Nov.82	Oct.82	Nov. 83
Austrian shilling	4.12	4.16	4.12
U.K. pound	123.23	114.27	115.18
W. German mark	28.87	29.22	29.01
U.S. dollar	74.80	76.00	77.45
French franc	10.24	9.57	9.53
Japanese yen	.279	.327	.330
Italian lira	.052	.0482	.048
Swiss franc	33.59	36.19	35.86

CURRENCY FIGURES: The currency exchange rates released by Gosplan for November 1983 reveal that only the U.K. pound, the U.S. dollar and the Japanese yen have shown improvement during the last month. In a year's time (November 82 — November 83), the West German mark, the U.S. dollar, the Japanese yen and the Swiss franc have all increased, while all others of course show a decrease, with the exception of the Austrian shilling, which has remained the same.

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SOVIET BALANCE OF TRADE WITH EASTERN EUROPE FOR THE SECOND HALF 1983

(in million rubles)

	Exports from U.S.S.R.		Imports to U.S.S.R.	
	1982	1983	1982	1983
Bulgaria	2373	2880	2259	2573
Czechoslovakia	2460	2855	2491	2766
GDR	3093	3321	2902	3228
Hungary	1991	1961	1793	1886
Poland	2363	2595	1880	2382
Romania	660	849	921	891
	12940	14461	12246	13726
Balance of Trade	+694	+735		

BALANCE OF TRADE - 1st NINE MONTHS OF 1983

1981, 1982, 1983

(Million Rubles)

	Exports from the USSR			Imports to the USSR		
	1981	1982	1983	1981	1982	1983
Austria	632	493	413	362	387	622
Belgium	350	774	741	342	421	449
Great Britian	515	622	802	785	531	495
Greece	448	441	343	82	100	128
Denmark	168	268	221	194	53	54
Spain	216	106	229	347	127	182
Italy	1716	2209	2152	757	874	1119
Netherlands	662	1175	1393	385	282	410
Norway	44	59	59	73	56	75
Germany	2501	2982	2498	2099	2201	2685
France	1749	1664	1768	1289	958	1353
Switzerland	183	326	394	390	311	274
Sweden	182	289	491	281	283	191
Japan	589	556	579	1593	2129	1707
Subtotal	10,000	11,964	12,083	8979	8713	9744
Sub-Balance of Trade				+1021	+3251	+2339
Argentina	28	25	19	2069	1133	1153
U.S.A.	105	112	171	1058	1811	1037
Canada	41	17	22	892	945	990
Australia	10	12	5	461	438	321
New Zealand	5	5	1	146	178	145
Brazil	9	122	85	523	356	429
Total	10,198	12,257	12,386	14,128	13,574	13,819
Balance of Trade				-3930	-1317	-1433